

# Future of the certification system for preferential ROO

**WCO Global Origin Conference 2017**

3-4 May 2017, Addis Ababa, Ethiopia

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## Workload beyond the capacity of the certifying authorities

- Increased volume of world trade and proliferation of FTAs put pressure on the capacity of the certifying authorities.
- Too many ROO to work with
- Decline in accuracy and reliability of Certificate of Origin (C/O), so that Customs (import side) cannot easily trust the C/O issued.
- Increase in burden of the verification

**How to address these issues?**

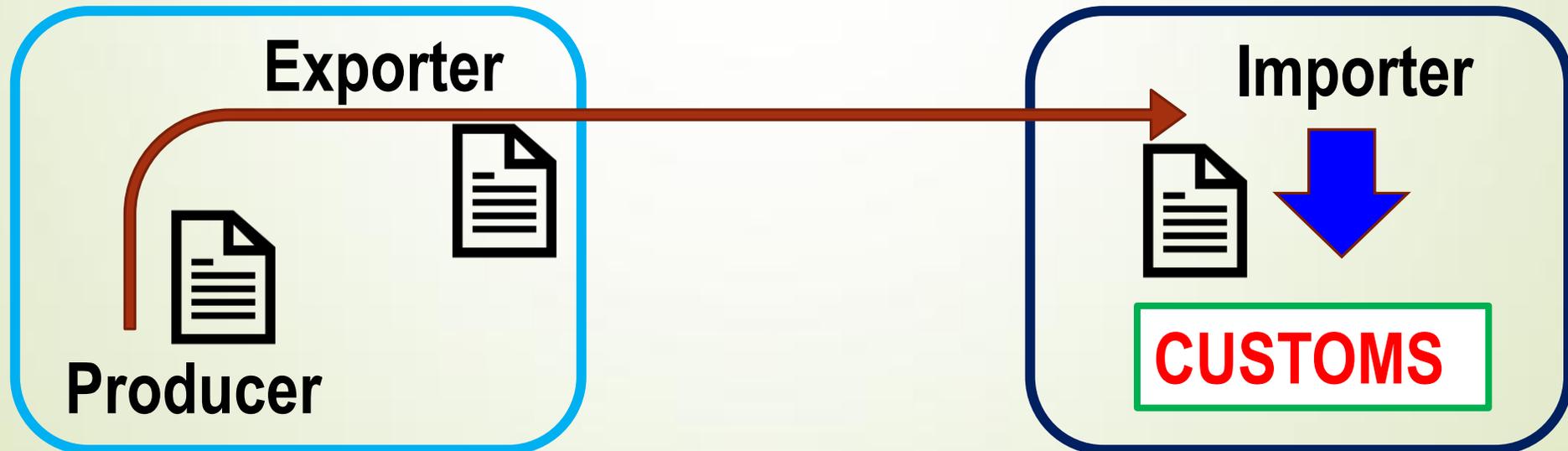
## Solution presented to date:

- WCO's Origin Compendium

lays a good foundation for national Customs Administrations, traders to build and work on

## Current trends: switch from the third-party certification to self-certification

- **US:** importer's certification
- **EU:** (registered) exporter's certification
- **Japan:** accepts all, but the third-party certification to phase out in good time



## Who is responsible for proving the originating status of the goods to Customs (import side)?

- Importer is!
- However, importer does not always know the production process and materials used.
- So, the need for cooperation from exporter/producer
- If the importer cannot prove, then use the MFN

## How to ensure reliability of the self-certification

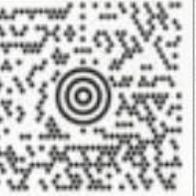
- Although there is no check/guarantee by the certifying authority, should Customs (import side) take certification by the traders at face value?
- No, in view of revenue implications, Customs (import side) accountability entails evidence!

## What can be good evidence?

- **Elements to prove the originating status:**
  - ⇒ **for tariff-shift rule: HS code No. of materials**  
**(73.4% of PSRs are tariff-shift rule – in major 20 FTAs)**
  - for VA rule: value of non-originating materials, etc.**
  - for process rule: production processes**

## Evidence showing the elements to prove originating status of goods:

- (In the future) to establish a social/digital infrastructure, e.g., a system in which,
  - invoice to bear **HS code No.**
  - **2-dimension bar code on the label**

|      | PDF417  | DataMatrix  | MaxiCode  | QRコード   |       |
|------|---|---|---|---|-------|
|      |  |  |  |  |       |
| 開発国  | Symbol社<br>(米)  | CI Matrix 社<br>(米)  | URS社(米)   | デンソー<br>(日)   |       |
| データ量 | 数字  | 2,710   | 3,116   | 138   | 7,089 |
|      | 英数字   | 1,850   | 2,355   | 93  | 4,296 |
|      | バイナリ  | 1,018   | 1,556   | -   | 2,953 |
|      | 漢字  | 554   | 778   | -   | 1,817 |
| 主な特長 | 大容量データ  | 省スペース   | 高速読取  | 大容量<br>省スペース<br>高速読取  |       |
| 主な用途 | OA  | FA  | 物流  | 全分野   |       |
| 規格化  | ISO<br>AIM<br>International   | ISO<br>AIM<br>International   | ISO<br>AIM<br>International   | ISO<br>JIS<br>AIM<br>International  |       |

## To achieve such a future social/digital infrastructure:

**In conclusion,**

- **Self-certification is coming.**
- **Support mechanism is necessary.**
- **Prepare entry of HS into the domestic commercial world.**
- **While keeping its 5-year amendment cycle, there might be a need to reconsider the frequency of HS amendment as a Multipurpose Nomenclature.**

*HS Committee may wish to have an intermission of at least a decade between major amendments.*

Thank you for your attention!

